

Harrison Metropolitan Housing Authority

General Purpose Financial Statements

For the Year Ended March 31, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Directors
Harrison Metropolitan Housing Authority
Cadiz, OH 43907-0146

We have reviewed the Independent Auditor's Report of the Harrison Metropolitan Housing Authority, Harrison County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period April 1, 2001 through March 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Harrison Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

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JIM PETRO
Auditor of State

December 9, 2002

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HARRISON METROPOLITAN HOUSING AUTHORITY
AUDIT REPORT
FOR THE YEAR ENDED MARCH 31, 2002

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SALVATORE CONSIGLIO, CPA, INC. E-mail: sconsiglio@aol.com

Independent Auditors' Report

Board of Directors
Harrison Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the accompanying general purpose financial statements of Harrison Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Harrison Metropolitan Housing Authority, Ohio, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harrison Metropolitan Housing Authority, Ohio, as of March 31, 2002, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United State of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 3, 2002, on my consideration of Harrison Metropolitan Housing Authority, Ohio's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of my audit.

My Audit was performed for the purpose of forming and opinion on the financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Harrison Metropolitan Housing Authority, Ohio. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations* and is not a required part of the financial statements. The combining financial data schedule ("FDS") is presented for purposes additional analysis as required by the Department of Housing and Urban Development, and Statement of Revenue and Expenses – U.S. Department of Agriculture – Rural Housing Services are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Salvatore Consiglio". The signature is written in black ink and is positioned above a horizontal line.

Salvatore Consiglio, CPA, Inc.
October 3, 2002

Harrison Metropolitan Housing Authority
Balance Sheet
Proprietary Fund Type – Enterprise Fund
March 31, 2002

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$186,411
Accounts Receivable – Net of Allowance	4,132
Investment	323,975
Due From Other Funds	10,952
Deferred Charges and Other Assets	<u>6,341</u>
 TOTAL CURRENT ASSETS	 <u>531,811</u>
 NONCURRENT ASSETS	
Fixed Assets - Net of Accumulated Depreciation	3,010,382
Notes and Mortgages Receivable	<u>987,430</u>
 TOTAL NONCURRENT ASSETS	 <u>3,997,812</u>
 TOTAL ASSETS	 <u>\$4,529,623</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:	
Accounts Payable	\$5,141
Due to Other Funds	10,952
Intergovernmental Payable	16,738
Accrued Wages and Payroll Taxes	22,925
Tenant Security Deposits	14,824
Current Portion of Long-Term Debt	8,813
Deferred Credits and Other Liabilities	<u>87,727</u>
 TOTAL CURRENT LIABILITES	 167,120
Long-term Debt Net of Current	<u>842,762</u>
 TOTAL LIABILITES	 <u>1,009,882</u>
 FUND EQUITY:	
Total Contributed Capital	4,848,232
Retained Earnings – Unreserved	<u>(1,328,491)</u>
 TOTAL FUND EQUITY	 <u>3,519,741</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$4,529,623</u>

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Harrison Metropolitan Housing Authority
Statement of Revenue, Expenses and Change in Fund Equity
Proprietary Fund Type
Enterprise Fund
For the Year Ended March 31, 2002

REVENUE

Tenant Rental Revenue	\$156,696
Grant Revenue	950,148
Investment Income	38,782
Other Income	3,953
	1,149,579
TOTAL REVENUE	1,149,579

EXPENSES

Administrative Expenses	245,130
Utilities Expenses	51,658
Ordinary Maintenance and Operation	154,141
General Expenses	20,589
Housing Assistance Expenses	673,729
Interest Expense	14,958
Depreciation Expense	184,706
	1,344,911
TOTAL EXPENSES	1,344,911

EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	(195,332)
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Beginning Fund Equity	2,950,150
Prior Period Adjustments	764,923
	3,715,073
ENDING FUND EQUITY	\$3,519,741

The accompanying notes to the general purpose financial statements are an integral part of these statements.

Harrison Metropolitan Housing Authority
Statement of Cash Flows
Proprietary Fund Type
Enterprise Fund
For the Year Ended March 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Operating Income/(Loss)	(\$195,332)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities	
- Depreciation	184,706
- (Increases) Decreases in Accounts Receivable	19,350
- (Increases) Decreases in Prepaid Expenses	10,564
- Increases (Decreases) Accounts Payable	(13,644)
- Increases (Decreases) in Deferred Revenue	<u>(17,212)</u>

Total Adjustments	<u>183,764</u>
-------------------	----------------

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(11,568)</u>
---	-----------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash transfer from Investment Account	199,622
Purchase of Assets	<u>(134,917)</u>

NET CASH USED IN INVESTING ACTIVITIES	<u>64,705</u>
---------------------------------------	---------------

CASH FLOWS FROM FINANCING ACTIVITIES:

Principle Payment of Debt	(10,070)
Loan Proceeds	<u>50,000</u>

NET CASH PROVIDED IN FINANCING ACTIVITIES	<u>39,930</u>
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	93,067
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CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	62,675
ADJUSTMENT TO RESTATE BEGINNING CASH	<u>30,669</u>

CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$186,411</u>
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The accompanying notes to the general purpose financial statements are an integral part of these statements.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

The financial statements of the Harrison Metropolitan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Harrison Metropolitan Housing Authority was created under the Ohio Revised Code, Section 3735.27. The Authority contracts with the United States Department of Housing and Urban Development (HUD) to provide low and moderate income persons with safe and sanitary housing through subsidies provided by HUD. The Authority depends on the subsidies from HUD to operate.

The accompanying general purpose financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the Authority is financially accountable. This report includes all activities considered by management to be part of the Authority by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the Authority over which the Authority is financially accountable.

Fund Accounting

The Authority uses the proprietary fund to report on its financial position and the results of its operations for the HUD programs. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds are classified into three categories: governmental, proprietary and fiduciary. The Authority uses the proprietary category for its programs.

Proprietary Fund Types

Proprietary funds are used to account for the Authority's ongoing activities, which are similar to those found in the private sector. The following is the proprietary fund type:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus/Basis of Accounting

The proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

period incurred. Pursuant to GASB Statement No. 20 Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Investments

The provisions of the HUD Regulations restrict investments. Investments are valued at market value. Interest income earned in fiscal year ending March 31, 2002 totaled \$38,782.

Fixed Assets

Fixed assets are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Compensated Absences

The Authority accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. All employees who meet the termination policy of the Authority for years of service are included in the calculation of the compensated absence accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: (1) the employees' rights to receive compensation are attributable to services already rendered and are not contingent on a specific event

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that is outside the control of the employer and employee. (2) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

In the proprietary fund, the compensated absences are expensed when earned with the amount reported as a fund liability.

Budgetary Accounting

The Authority annually prepares its budget as prescribed by the Department of Housing and Urban Development. This budget is submitted to the Department of Housing and Urban Development and once approved is adopted by the Board of the Housing Authority.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Deposits – The PHA deposits are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured or collateralized with securities held by the PHA or by its agent in the PHA’s name.

Category 2 – Collateralized with securities held by the pledging financial institution’s trust department or agent in the PHA’s name.

Category 3 – Uncollateralized.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits, categorized by level of risk, are:

DESCRIPTION	BANK BALANCE	CATEGORY			CARRYING AMOUNT
		1	2	3	
Cash and Cash Equivalents	\$191,632	\$91,632	\$-0-	\$-0-	\$186,411
Investments	329,495	329,495	-0-	-0-	323,975
Total Deposits	\$ 521,127	\$ 521,127	\$-0-	\$-0-	\$510,386

Investments - HUD Handbook 7475.1 Chapter 4, Section 1 authorizes the PHA to make investments in:

- Direct Obligations of the Federal Government;
- Obligations of Federal Government Agencies;
- Securities of Government-Sponsored Agencies; and
- Demand and Savings Deposits and Certificates of Deposit.

The PHA investments are categorized to give an indication of the level of risk assumed by the PHA at fiscal year end. The categories are described as follows:

Category 1 – Insured, registered, or securities held by the PHA or its agent in the PHA’s name.

Category 2 – Uninsured and unregistered, with securities held by the counterpart’s trust department or agent in the PHA’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterpart, or its trust department or agent but not in the PHA’s name.

The PHA’s nonnegotiable certificates of deposit are classified as investments on the balance sheet but are considered as deposits for GASB 3 purposes. Therefore, the categories described above do not apply.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 3: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending March 31, 2002 the Authority maintains comprehensive insurance coverage with private carriers for health, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

Settled claims have not exceeded this coverage in any of the last three years. There has been no significant reduction in coverage from last year.

NOTE 4: FIXED ASSETS

The following is a summary:

Land	\$136,179
Buildings	4,611,904
Furniture, Machinery and Equipment	<u>185,166</u>
 Total Fixed Assets	 4,933,249
Accumulated Depreciation	<u>(1,922,867)</u>
 Net Fixed Assets	 <u>\$3,010,382</u>

The following is a summary of changes:

	Balance 03/31/01	Prior Period Adjustment	Additions	Deletion	Balance 03/31/02
Land	\$ 116,678	\$ 16,001	\$ 3,500	\$ -0-	\$ 136,179
Buildings	3,770,536	739,236	102,132	-0-	4,611,904
Furniture, Machinery & Equipment	194,653	(10,295)	29,285	28,477	185,166
Total Fixed Assets	<u>\$4,081,867</u>	<u>\$ 744,942</u>	<u>\$134,917</u>	<u>\$ 28,477</u>	<u>\$4,933,249</u>

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

**NOTE 5: DEFINED BENEFIT PENSION PLANS -PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

All employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple employer public employee retirement system administered by the Public Employee Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report, which may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the Authority was 13.55 percent of cover payroll. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Authority's required contributions to PERS for the years ended March 31, 2002, 2001 and 2000 were \$30,621, \$23,799 and \$29,453, respectively. The full amount has been contributed for 2001 and 2000. Ninety-two percent has been contributed for 2002, with the remainder being reported as a liability with the enterprise fund.

**NOTE 6: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM**

The Public Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

**NOTE 7: POSTEMPLOYMENT BENEFITS PUBLIC EMPLOYEES
RETIREMENT SYSTEM** (Continued)

annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The Authority's actual contributions for 2001, which were used to fund OPEB, were \$9,718. The actual contribution and the required contribution amounts are the same. PERS's net assets available for payments of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

NOTE 8: LONG TERM DEBT

Harrison Metropolitan Housing Authority has the following Mortgages outstanding as of March 31, 2002:

Dunfee Court

A first and second mortgage with the United State Department of Agriculture, Rural Housing Service for a 12 unit project.

- Original loan amount \$373,300 dated January 30, 1985. Term of the loan is 50 years with interest rate of 10.75%. The interest rate was discounted to 1%. Balance outstanding as of March 31, 2002 is \$254,153.
- Second loan amount \$23,580 dated April 25, 1985. Term of the loan is 50 years with an interest rate of 11.875%. The interest rate is discounted to 1%. Balance outstanding as of March 31, 2002 of \$16,693.

Gable Estate

United State Department of Agriculture, Rural Housing Service loan for a 23 unit project. The amount of the loan was \$541,516 dated April 21, 1993. The term of the loan is 50 years with interest rate of 7.75%, discounted to 1%. The outstanding balance as of March 31, 2002 is \$530,961.

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 8: LONG TERM DEBT (Continued)

Muskingum Street Duplex

Loan with National City Bank for the purchase of a duplex home. The loan amount is \$50,000. The term of the loan is 15 years amortized loan with an annual interest rate of 5.9% commencing on February 1, 2002 and maturing on January 1, 2012 with a balloon payment of \$22,251 on that date. Balance outstanding on March 31, 2002 is \$49,768.

The following is a summary of change in long-term debt for the year ended March 31, 2002:

Description	Balance 3/31/01	Prior Period Adjustment	Issued	Retired	Balance 3/31/02
1 st Mortgage Dunfee Court	\$261,823	\$ -0-	\$ -0-	\$ 7,670	\$254,153
2 nd Mortgage Dunfee Court	16,003	1,168	-0-	478	16,693
Gable Estate	-0-	532,651	-0-	1,690	530,961
Muskingum Duplex	-0-	-0-	50,000	232	49,768
TOTAL	\$277,826	\$533,819	\$50,000	\$10,070	\$851,575

NOTE 9: SCHEDULE OF EXPENDITURE OF FEDERAL AWARD

The accompanying schedule of expenditure of federal award is a summary of the activity of the Authority's federal programs. This schedule has been prepared on the accrual basis of accounting.

NOTE 10: NOTE AND INTEREST RECEIVABLE

The Note and Interest receivable amount of \$987,430 on the financial statements represent security interest in the partnership property of Bingham Terrace Limited Partnership. Interest is accrued semiannually at 7.15%. The principal and accrued interest matures on April 1, 2006.

NOTE 11: PRIOR PERIOD ADJUSTMENT

The prior period adjustment of \$764,923 was necessary to properly state the beginning fund equity. This adjustment represents the following:

HARRISON METROPOLITAN HOUSING AUTHORITY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002
(CONTINUED)

NOTE 11: PRIOR PERIOD ADJUSTMENT (Continued)

\$555,411 adjustment to record prior years GAAP conversion adjustments on the Harrison Metropolitan Housing Authority books that had not previously been recorded. In addition, adjustment was also necessary to combine the activities of Gable Estates, which had been previously reported as a separate entity.

Adjustment of \$209,512 was necessary to properly report the correct balance of Long-Term Note Receivable from Bingham Terrace Limited Partnership. The interest accrued on this note receivable had not been recorded for several years.

NOTE 12: CHANGES IN ACCOUNTING PRINCIPLES

Harrison Metropolitan Housing Authority has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Non-exchange Revenues". GASB Statement No. 33 establishes accounting and financial reporting standards about when (in which fiscal year) to report the result of non-exchange transactions. GASB Statement No. 36 supersedes paragraph 28 of GASB Statement No. 33. GASB Statement No. 36 eliminates the timing difference for shared revenues by requiring recipients governments to account for the sharing of revenues in the same manner as provider governments to account for the sharing of revenue in the same manner as provider governments. The implementation of GASB Statement No. 33 and GASB Statement No. 36 had no effect on fund balance as it was previously reported. However, the beginning fund equity had to be restated to report the effect of the prior period adjustment as explained in note 11:

Contributed Capital – March 31, 2001	\$3,180,249
Adjustment to Restate Beginning Balance	1,112,572
Net Effect of Prior Period Adjustments	<u>555,411</u>
Restated Contributed Capital – March 31, 2001	<u><u>\$4,848,232</u></u>
Retained Earnings – March 31, 2001	(\$230,099)
Adjustment to Restate Beginning Balance	(1,112,572)
Net Effect of Prior Period Adjustments	<u>209,512</u>
Restated Retained Earnings – March 31, 2001	<u><u>(\$1,133,159)</u></u>

Harrison Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
March 31, 2002

FDS Line Item No.	Account Description	Low Rent	Housing Choice Voucher	Sect. 8 Rental Certificate Program	Rural Rental Housing Loans	Capital Fund	State / Local	Total
ASSETS:								
CURRENT ASSETS:								
111	Cash – unrestricted	\$61,951	\$0	\$0	\$20,889	\$0	\$18,038	\$100,878
115	Cash - Restricted for Payment of Current Liabilities	0	70,344	0	0	0	0	70,344
114	Cash – Tenant Security Deposit	7,127	0	0	8,062	0	0	15,189
100	Total cash	<u>69,078</u>	<u>70,344</u>	<u>0</u>	<u>28,951</u>	<u>0</u>	<u>18,038</u>	<u>186,411</u>
Accounts and notes receivables:								
122	Accounts receivable – HUD other projects	0	3,595	0	0	0	0	3,595
125	Accounts receivable – miscellaneous	0	0	0	528	0	0	528
126	Accounts receivable – tenant dwelling rent	9	0	0	0	0	0	9
120	Total receivables, net of allowance for doubtful accounts	<u>9</u>	<u>3,595</u>	<u>0</u>	<u>528</u>	<u>0</u>	<u>0</u>	<u>4,132</u>
131	Investments – unrestricted	265,730	7,626	10,584	40,035	0	0	323,975
142	Prepaid expenses and other assets	4,452	0	0	1,709	0	180	6,341
144	Inter-program due from	1,446	0	0	51	0	9,455	10,952
150	TOTAL CURRENT ASSETS	<u>340,715</u>	<u>81,565</u>	<u>10,584</u>	<u>71,274</u>	<u>0</u>	<u>27,673</u>	<u>531,811</u>
NONCURRENT ASSETS:								
Fixed assets:								
161	Land	70,702	0	0	61,977	0	3,500	136,179
162	Buildings	3,479,832	0	0	1,029,940	45,632	56,500	4,611,904
163	Furniture, equipment & machinery – Dwellings	47,523	0	0	2,646	0	0	50,169
164	Furniture, equipment & machinery – Administration	120,207	0	0	1,061	0	13,729	134,997
166	Accumulated depreciation	(1,600,598)	0	0	(305,498)	(3,042)	(13,729)	(1,922,867)
160	Total fixed assets, net of accumulated depreciation	<u>2,117,666</u>	<u>0</u>	<u>0</u>	<u>790,126</u>	<u>42,590</u>	<u>60,000</u>	<u>3,010,382</u>
171	Notes, Loans, Mortgages Receivable -Non Current	0	0	0	0	0	987,430	987,430
180	TOTAL NONCURRENT ASSETS	<u>2,117,666</u>	<u>0</u>	<u>0</u>	<u>790,126</u>	<u>42,590</u>	<u>1,047,430</u>	<u>3,997,812</u>
190	TOTAL ASSETS	<u>\$2,458,381</u>	<u>\$81,565</u>	<u>\$10,584</u>	<u>\$861,400</u>	<u>\$42,590</u>	<u>\$1,075,103</u>	<u>\$4,529,623</u>

Harrison Metropolitan Housing Authority
Combining Balance Sheet
FDS Schedule Submitted To REAC
Proprietary Fund Type – Enterprise Fund
March 31, 2002

FDS Line Item No.	Account Description	Low Rent	Housing Choice Voucher	Sect. 8 Rental Certificate Program	Rural Rental Housing Loans	Capital Fund	State / Local	Total
LIABILITIES AND EQUITY:								
LIABILITIES								
CURRENT LIABILITIES								
312	Accounts payable < 90 days	\$4,715	\$0	\$0	\$426	\$0	\$0	\$5,141
322	Accrued compensated absences	10,344	12,581	0	0	0	0	22,925
325	Accrued Interest Payable	0	0	0	0	0	0	0
331	Accounts Payable – HUD PHA Program	0	0	10,185	0	0	0	10,185
333	Accounts payable - other government	6,535	0	0	0	0	18	6,553
341	Tenant security deposit	7,395	0	0	6,729	0	700	14,824
342	Deferred Revenue	16,951	70,344	0	0	0	126	87,421
343	Current Portion of Long Term Debt	0	0	0	3,782	0	5,031	8,813
346	Accrued Liabilities - Other	0	0	0	0	0	306	306
347	Inter-program due to	0	9,454	0	985	0	513	10,952
310	Total Current Liabilities	45,940	92,379	10,185	11,922	0	6,694	167,120
351	Long Term Debt	0	0	0	798,042	0	44,720	842,762
353	Non-current Liabilities - Other	0	0	0	0	0	0	0
350	Total Noncurrent Liabilities	0	0	0	798,042	0	44,720	842,762
300	TOTAL LIABILITIES	45,940	92,379	10,185	809,964	0	51,414	1,009,882
EQUITY:								
Contributed Capital:								
502	Project Notes (HUD)	0	0	0	0	0	0	0
504	Net HUD PHA contributions	4,021,849	0	0	0	42,590	339,793	4,404,232
507	Other Contribution	0	0	0	2,000	0	442,000	444,000
508	Total contributed capital	4,021,849	0	0	2,000	42,590	781,793	4,848,232
512	Undesignated fund balance/retained earnings	(1,609,408)	(10,814)	399	49,436	0	241,896	(1,328,491)
513	TOTAL EQUITY	2,412,441	(10,814)	399	51,436	42,590	1,023,689	3,519,741
600	TOTAL LIABILITIES AND EQUITY	\$2,458,381	\$81,565	\$10,584	\$861,400	\$42,590	\$1,075,103	\$4,529,623

Harrison Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted to REAC
Proprietary Fund Type – Enterprise Fund
Year Ended March 31, 2002

FDS Line Item No.	Account Description	Low Rent	Housing Choice Voucher	Sect. 8 Rental Certificate Program	Rural Rental Housing Loans	Capital Fund	State / Local	Total
REVENUE:								
703	Net tenant rental revenue	\$100,498	\$0	\$0	\$47,683	\$0	\$5,741	\$153,922
704	Tenant revenue - other	1,243	0	0	1,494	0	37	2,774
705	Total Tenant Revenue	<u>101,741</u>	<u>0</u>	<u>0</u>	<u>49,177</u>	<u>0</u>	<u>5,778</u>	<u>156,696</u>
706	HUD PHA grants	55,930	766,854	30,643	27,089	24,000	0	904,516
706.1	Capital Grants	0	0	0	0	45,632	0	45,632
708	Other Governmental Grant	0	0	0	0	0	0	0
711	Investment income - unrestricted	6,367	432	0	1,400	0	30,583	38,782
714	Fraud recovery	0	0	0	0	0	0	0
715	Other revenue	3,719	0	0	234	0	0	3,953
716	Gain/loss on sale of fixed assets	0	0	0	0	0	0	0
720	Investment income - restricted	0	0	0	0	0	0	0
700	TOTAL REVENUE	<u>167,757</u>	<u>767,286</u>	<u>30,643</u>	<u>77,900</u>	<u>69,632</u>	<u>36,361</u>	<u>1,149,579</u>
EXPENSES:								
Administrative:								
911	Administrative salaries	45,228	0	0	0	0	0	45,228
912	Auditing Fees	1,056	0	0	0	0	0	1,056
914	Compensated absences	535	0	0	0	0	0	535
915	Employee benefit contributions- administrative	12,926	0	0	0	0	0	12,926
916	Other operating- administrative	5,755	129,258	4,705	12,633	24,000	9,034	185,385
Tenant Services:								
924	Tenant Services – Other	0	0	0	0	0	0	0
Utilities:								
931	Water	9,015	0	0	9,305	0	0	18,320
932	Electricity	28,832	0	0	2,445	0	0	31,277
933	Gas	0	0	0	741	0	0	741
938	Other utilities	0	0	0	1,320	0	0	1,320

Harrison Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted to REAC
Proprietary Fund Type – Enterprise Fund
Year Ended March 31, 2002

FDS Line Item No.	Account Description	Low Rent	Housing Choice Voucher	Sect. 8 Rental Certificate Program	Rural Rental Housing Loans	Capital Fund	State / Local	Total
	Ordinary maintenance & operation:							
941	Ordinary maintenance and operations - labor	28,603	0	0	0	0	0	28,603
942	Ordinary maintenance and operations - materials and other	11,819	0	0	10,413	0	0	22,232
943	Ordinary maintenance and operations - contract costs	40,167	0	0	7,494	0	0	47,661
945	Employee Benefit Contributions – Ordinary Maintenance	11,463	0	0	0	0	0	11,463
	General expenses:							
961	Insurance premiums	9,034	0	0	5,006	0	0	14,040
962	Other General Expenses	0	0	0	0	0	0	0
963	Payments in lieu of taxes	6,535	0	0	0	0	0	6,535
964	Bad Debt – Tenant Rents	14	0	0	0	0	0	14
967	Interest Expenses	0	0	0	14,958	0	0	14,958
969	TOTAL OPERATING EXPENSES	210,982	129,258	4,705	64,315	24,000	9,034	442,294
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(43,225)	638,028	25,938	13,585	45,632	27,327	707,285
971	Extraordinary maintenance	44,182	0	0	0	0	0	44,182
973	Housing assistance payments	0	647,791	25,938	0	0	0	673,729
974	Depreciation expense	154,932	0	0	26,732	3,042	0	184,706
900	TOTAL EXPENSES	410,096	777,049	30,643	91,047	27,042	9,034	1,344,911
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) EXPENSES	(242,339)	(9,763)	0	(13,147)	42,590	27,327	(195,332)
1103	Beginning equity	2,154,570	(507)	(21,905)	55,876	0	762,116	2,950,150
1104	Prior period adjustments and equity transfers	500,210	(544)	22,304	8,707	0	234,246	764,923
	ENDING RETAINED EARNINGS	\$2,412,441	(\$10,814)	\$399	\$51,436	\$42,590	\$1,023,689	\$3,519,741

Harrison Metropolitan Housing Authority
Combining Statement of Revenue, Expenses and Change In Retained Earnings
FDS Schedule Submitted to REAC
Proprietary Fund Type – Enterprise Fund
Year Ended December 31, 2001

FDS Line Item No.	Account Description	Low Rent	Housing Choice Voucher	Sect. 8 Rental Certificate Program	Rural Rental Housing Loans	Capital Fund	State / Local	Total
MEMO ACCOUNT INFORMATION:								
1112	Depreciation "add back"	154,932	0	0	26,732	3,042	0	184,706
1113	Maximum annual contributions commitment (per ACC)	0	764,063	40,763	0	0	0	804,826
1114	Pro-rata maximum annual contributions applicable to a Period of less than Twelve Months	0	0	0	0	0	0	0
1115	Contingency reserve, ACC program reserve	0	90,513	0	0	0	0	90,513
1116	Total annual contributions available	0	854,576	40,763	0	0	0	895,339
1120	Unit months available	600	3,072	108	336	0	0	4,116
1121	Number of unit months leased	592	2,870	106	331	0	0	3,899

Harrison Metropolitan Housing Authority
Statement of Revenue and Expenses
U.S. Department of Agriculture - Rural Housing Service
For the Year Ended March 31, 2002

	<u>Gable Estates</u>			<u>Dufee Court</u>	<u>Total Rural Housing Services</u>
	<u>04/01/01 - 12/31/01</u>	<u>01/01/02 - 03/31/02</u>	<u>Total 04/01/01 - 03/31/02</u>		
<u>REVENUE</u>					
Tenant Rental Revenue	\$ 20,159	\$ 6,311	\$ 26,470	\$ 22,707	\$ 49,177
Grant Subsidy Received	13,278	4,857	18,135	8,954	27,089
Interest Earned	196	56	252	1,148	1,400
Other Revenue	0	125	125	109	234
TOTAL REVENUE	33,633	11,349	44,982	32,918	77,900
<u>EXPENSES</u>					
Management Fees	3,435	1,145	4,580	3,168	7,748
Professional Services	24	1,588	1,612	552	2,164
Telephone Expenses	131	44	175	372	547
Advertising Expenses	279	0	279	189	468
Office Supplies	385	87	472	444	916
Other Administration Expenses	150	50	200	590	790
Total Administration Expenses	4,404	2,914	7,318	5,315	12,633
Caretaker	2,812	938	3,750	3,744	7,494
Maintenance Supplies	785	185	970	1,461	2,431
General Maintenance & Repairs	1,237	413	1,650	3,012	4,662
Grounds Maintenance	806	269	1,075	816	1,891
Contracted Services	178	0	178	240	418
Miscellaneous Other Expenses	112	37	149	862	1,011
Total Maintenance Expenses	5,930	1,842	7,772	10,135	17,907
Electricity	557	179	736	1,709	2,445
Water & Sewer	6,367	1,307	7,674	1,631	9,305
Heating	715	26	741	0	741
Trash Removal	489	171	660	660	1,320
Total Utilities Expenses	8,128	1,683	9,811	4,000	13,811
Property Insurance	1,502	546	2,048	2,958	5,006
Interest Expense	12,203	0	12,203	2,755	14,958
Depreciation Expense	15,355	0	15,355	11,377	26,732
TOTAL EXPENSES	47,522	6,985	54,507	36,540	91,047
Net Profit or (Loss)	\$ (13,889)	\$ 4,364	\$ (9,525)	\$ (3,622)	\$(13,147)

Harrison Metropolitan Housing Authority
Schedule of Expenditures of Federal Award
For the year ended March 31, 2002

FEDERAL GRANTOR / PASS THROUGH GRANTOR PROGRAM TITLES	CFDA NUMBER	EXPENDITURES
U.S. Department of Housing and Urban Development Direct Program		
Low Rent Public Housing	14.850a	\$55,930
Section 8 Rental Certificate Program	14.857	30,643
Housing Choice Voucher Program	14.871	766,854
Public Housing Capital Fund Program	14.872	<u>69,632</u>
Total U.S. Department of Housing and Urban Development		<u>923,059</u>
U.S. Department of Agriculture - Rural Housing Service Direct Program		
Rural Rental Housing Loan	10.415	<u>27,089</u>
Total U.S. Department of Agriculture		<u>27,089</u>
Total Expenditure of Federal Award		<u>\$950,148</u>

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SALVATORE CONSIGLIO, CPA, INC. E-mail: sconsiglio@aol.com

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Harrison Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

I have audited the general purpose financial statements of the Harrison Metropolitan Housing Authority, Ohio, as of and for the year ended March 31, 2002, and have issued my report thereon dated October 3, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance


As part of obtaining reasonable assurance about whether Harrison Metropolitan Housing Authority, Ohio's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Harrison Metropolitan Housing Authority, Ohio's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I have consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Harrison Metropolitan Housing Authority ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items GAS-2002-1 and GAS-2002-2.

A material weakness is a condition in which the design or operation of one or more of the internal component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation the financial statements being auditing may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider items GAS-2002-1 to be material weaknesses. I have also noted other matters involving the internal control over financial reporting, which I have reported to management of Harrison Metropolitan Housing Authority, Ohio's in a separate letter dated October 3, 2002.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other that these specified parties.



Salvatore Consiglio, CPA, Inc.
October 3, 2002

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Harrison Metropolitan Housing Authority

Regional Inspector General of Audit
Department of Housing and Urban
Development

Compliance

I have audited the compliance of the Harrison Metropolitan Housing Authority, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2002. Harrison Metropolitan Housing Authority, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Harrison Metropolitan Housing Authority, Ohio's management. My responsibility is to express an opinion on Harrison Metropolitan Housing Authority, Ohio's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis; evidence about the Harrison Metropolitan Housing Authority, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Harrison Metropolitan Housing Authority, Ohio's compliance with those requirements.

In my opinion, Harrison Metropolitan Housing Authority, Ohio complied, in all material respects, with the requirements referred to above that are applicable with each of its major federal programs for the year ended March 31, 2002.

Internal Control Over Compliance

The management of Harrison Metropolitan Housing Authority, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Harrison Metropolitan Housing Authority, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



Salvatore Consiglio, CPA, Inc.
October 3, 2002

Harrison Metropolitan Housing Authority
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505
 March 31, 2002

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA # 14.871 Housing Choice Vouchers
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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FINDING NUMBER	GAS-2002 -1
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PREPARATION OF FINANCIAL STATEMENTS

Prior period adjustments were necessary to properly state the financial statements. The beginning balances had to be restated because prior years GAAP conversion adjustments had not been recorded in the accounting records. This can result in financial statements not being fairly stated.

Recommendation:

Management is responsible for the preparation of financial statements. Therefore, any adjustments proposed by Fee Accountant or Independent Auditors, must be reviewed and approved. Management must make certain that it is in agreement with the proposed adjustments. Once accepted, the adjustment should be recorded in the accounting records.

PHA Response:

Harrison Metropolitan Housing Authority has terminated its contract with previous Fee Accountant. The new Fee Accountant hired will prepare all journal entries, review the entries with Management and will ascertain that fiscal staff posts the entries in the accounting records. Financial statements will be generated from the accounting records.

FINDING NUMBER	GAS-2002 -2
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WRITTEN FISCAL PROCEDURAL MANUAL

The PHA does not maintain a written fiscal procedural manual. For a small Agency, where one individual normally represents the fiscal department, it is essential that a written manual exist. This manual will assure consistent treatment of accounting transactions from year to year and also can be very helpful in training new personnel.

Recommendation:

The Board should consider establishing written fiscal procedural manual. In addition, management should consider cross training of staff so that if turnover in a key position occurs, the agency will not incur difficulties in continuing operations.

PHA Response:

Auditor recommendation will be implemented.

3. FINDINGS REALTED TO FEDERAL AWARDS
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There are no Findings or questioned costs for the year ended March 31, 2002.

Harrison Metropolitan Housing Authority
Schedule of Prior Audit Findings
March 31, 2002

The audit report for the fiscal year ended March 31,2002 contained no audit finding.



STATE OF OHIO
OFFICE OF THE AUDITOR

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HARRISON METROPOLITAN HOUSING AUTHORITY

HARRISON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2002**